

**APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC
WATERS OF THE STATE OF NEVADA**

Date of filing in State Engineer's Office NOV 12 1996

Returned to applicant for correction _____

Corrected application filed _____

Map filed NOV 12 1996

The applicant Midas Joint Venture, hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated.

1. The source of the proposed appropriation is Underground (Decline Portal)
2. The amount of water applied for is 1.0 second-feet
 - (a) If stored in reservoir give number of acre-feet
3. The water to be used for Mining, Milling, Dewatering and Domestic
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated
 - (b) Stockwater, state number and kinds of animals to be watered
 - (c) Other use (describe fully under No. 12. "Remarks")
 - (d) Power:
 - (1) Horsepower developed
 - (2) Point of return of water to stream
5. The water is to be diverted from its source at the following point NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 27, T39N, R46E, MDM or at a point from which the Northwest corner of said Section 27 bears, N 08° 43' 00" W a distance of 1144.46 feet.
6. Place of Use NW $\frac{1}{4}$, NE $\frac{1}{4}$, SE $\frac{1}{4}$ Section 27, T39N, R46E, MDM
7. Use will begin about January 1 and end about December 31, of each year.
8. Description of proposed works Point of Diversion will be the exploration decline portal. Water will be pumped from underground sumps to portal and gravity fed to settling pond-infiltration basin system.
9. Estimated cost of works \$50,000.00
10. Estimated time required to construct works Two Years
11. Estimated time required to complete the application of water to beneficial use Five Years
12. Remarks: See attached Exhibit "A".

By s/Richard W. Arden, Agent
950 Industrial Way
Sparks, Nevada 89431

Compared my/bk cl/cms

Protested _____

62582

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins or before the Proof of Completion of Work is filed.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The total combined duty of water under Permits 60669, 61888, 62063-T, 62114 and 62582 shall not exceed 114.3 acre-feet annually.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

Monthly records shall be kept of the amount of water pumped from this well, consumptively used in the mining project and discharged to the infiltration basin. The records must be submitted to the State Engineer on quarterly basis within 15 days after the end of each calendar quarter.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 1.0 cubic feet per second, but not to exceed 110.0 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

April 9, 1999

Proof of completion of work shall be filed before:

May 9, 1999

Application of water to beneficial use shall be filed on or before:

April 9, 2002

Proof of the application of water to beneficial use shall be filed on or before:

May 9, 2002

Map in support of proof of beneficial use shall be filed on or before:

N/A

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E.,
State Engineer of Nevada, have hereunto set

my hand and the seal of my office,
this 9th day of April, A.D. 1997

Abrogated By: Permit 64802-T 0.545
64803 0.545
Permit 65216-T 0.227 P 73345T 0.228 exp
Permit 62582 0.227
Permit 71510-T 0.228 Exp 9.30.05
Completion of work filed AUG 26 1999

[Signature]
State Engineer

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

EXHIBIT "A"

Water to be used for mining operation 24 hours per day, 354 days per year. Estimated 2000 tons per day to be processed. The amount of water to process a ton of ore is approximately 240 gallons. The beneficiation plant will be a standard crush, mill and whole ore leach gold recovery plant. The total water required for plant operation is 480,000 gallons per day. Approximately 78% will be recycled. This application is approximately 1.0 CFS, not to exceed 110 acre feet annually. The estimated life of the ore body is 15 years. Water in excess of beneficial use for mining will be dewatering.

